

Message Text

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ORIGIN NEA-12

INFO OCT-01 ISO-00 PM-07 L-03 SPC-03 CIAE-00 INR-10

NSAE-00 RSC-01 INRE-00 SS-20 NSC-07 SSO-00 /064 R

DRAFTED BY ISA/NESA:SCHAEFER:GJ

APPROVED BY NEA:RPDAVIES

ISA:MR. NOYES

DSAA:MR. THIEBERGER

DA:MR. KOREN

NEA/ARP:BWRAMPPELMEIER

PM/SAS-COL. FARNHAM

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FM SECSTATE WASHDC

TO AMEMBASSY JIDDA IMMEDIATE

INFO CHUSMTM DHAHRAN IMMEDIATE

USCINCEUR IMMEDIATE

SECDEF IMMEDIATE

DA IMMEDIATE

S E C R E T STATE 062377

E.O. 11652:GDS

TAGS:MASS, SA

SUBJECT:SANG MODERNIZATION

REF: JIDDA 5733, 5734

SECDEF FOR ISA AND DSAA

1. DA ON RECOMMENDATION SANG PROGRAM OFFICE RIYADH, HAS PREPARED A LETTER OF OFFER (L/O) THAT REFERENCES THE 19 MARCH 73 MOU AND WOULD PERMIT SAG TO OBLIGATE ALL OF THE FUNDS REQUIRED FOR ORGANIZING, EQUIPPING, TRAINING AND SUPPORTING 4 SANG MECHANIZED INFANTRY BATTALIONS AND ONE ARTILLERY SUPPORT BATTALION. TOTAL ESTIMATED CASE VALUE IS \$272.3 MILLION. L/O ALSO INCLUDES DISBURSEMENT SCHEDULE SHOWING ESTIMATED SCHEDULE OF PAYMENTS THROUGH 66 MONTHS FOLLOWING SAG ACCEPTANCE OF L/O. THIS L/O IS EXCLUSIVE OF COE-CONSTRUCTION OF SANG MODERNIZATION

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PROGRAM.

2. ACCORDING TO UNDERSTANDING SANG PROJECT OFFICE, AN L/O WITH SCOPE AS INDICATED ABOVE, IS WHAT PRINCE ABDULLAH AND SAG EXPECT AND THAT TO OFFER SANG L/O COVERING FUNDS FOR THE MODERNIZATION OF ONLY TWO BATTALIONS WOULD CAUSE SAG TO REJECT US PROPOSAL OUT OF HAND.

3. IN VIEW PROVISIONS MOU THAT INITIAL EMPHASIS FOR PROGRAM IMPLEMENTATION SHALL BE GIVEN TO MODERNIZATION OF TWO BATTALIONS AND THAT SUBSEQUENT PRIORITIES FOR PROGRAM IMPLEMENTATION SHALL BE DEVELOPED BY MUTUAL AGREEMENT; REITERATION OF THIS POINT IN AMBASSADOR'S 26 DECEMBER LETTER TO PRINCE ABDULLAH, AND TERMS OF PROPOSAL PRESENTED TO PRINCE ABDULLAH 13 DECEMBER, REQUEST EMBASSY'S ASSESSMENT OF CURRENT EXPECTATIONS KING FAISAL AND PRINCE ABDULLAH AS TO MAGNITUDE AND EXTENT OF INITIAL MODERNIZATION PROGRAM. ALSO, SINCE TO OUR KNOWLEDGE SAG HAS NOT YET FORMALLY ACCEPTED SANG PROPOSAL, WE WOULD APPRECIATE YOUR COMMENTS AS TO WHEN FORMAL NOTIFICATION MIGHT BE EXPECTED. WE ASSUME THAT SUBMISSION OF L/O SHOULD AWAIT NOTIFICATION OF ACCEPTANCE OF PROGRAM BY SAG.

4. COULD COST ESTIMATES FOR FOUR BATTALIONS OVER SIX YEARS PROVIDED TO PRINCE ABDULLAH IN DECEMBER HAVE BEEN MISINTERPRETED BY PRINCE ABDULLAH AS A USG COMMITMENT WHICH WOULD EXCEED THE PROGRAM PHASES WHICH ARE TO BE DEVELOPED BY MUTUAL AGREEMENT?

5. IN MEANTIME, AND PENDING RECEIPT OF YOUR COMMENTS WE SHALL TAKE NO FURTHER ACTION ON L/O. OUR VIEW IS THAT, UNLESS YOU BELIEVE THAT THERE ARE OVERRIDING POLITICAL REASONS WHICH WOULD INDICATE OTHERWISE, L/O SHOULD COVER THE COMMITMENTS MADE IN THE SANG MODERNIZATION PROPOSAL PRESENTED TO PRINCE ABDULLAH ON 13 DECEMBER, THAT IS TWO MECHANIZED INFANTRY BATTALIONS, ETC.

6. ABOVE DRAFTED IN DOD/ISA AND HAS DA AND DSAA CONCURRENCE. RUSH
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